

## Message Text

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PAGE 01 BRUSSE 07839 121632Z  
ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 OPIC-03 XMB-02 FEA-01 CEA-01  
CIAE-00 COME-00 DODE-00 EB-07 FRB-03 H-01 INR-07  
INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 EPG-02  
AID-05 SS-15 STR-04 ITC-01 TRSE-00 USIA-06 PRS-01  
SP-02 OMB-01 SIL-01 /107 W  
-----022647 122103Z /75

R 121627Z JUL 77  
FM AMEMBASSY BRUSSELS  
TO SECSTATE WASHDC 0800  
INFO AMEMBASSY ROME  
USMISSION GENEVA  
AMEMBASSY PARIS  
AMCONSUL NAPLES

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USEEC

PARIS FOR OECD; GENEVA FOR MTN

E.O. 11652: N/A  
TAGS: EEC, EIND, ETRD, LAB  
SUBJ: EC COMMISSION PUTS PRESSURE ON ITALIAN STEEL PROJECT

REF: BRUSSELS 7429

1. WE HAVE BEEN INFORMED THAT EC COMMISSIONER DAVIGNON  
HAS SENT A LETTER TO ITALIAN MINISTER OF INDUSTRY,  
DONAT-CATTIN, AIMED AT PERSUADING THE GOI TO DROP PLANS  
FOR ITS GIOIO TAURO STEEL PROJECT. THE LETTER, WHICH  
REFRAINS FROM MENTIONING THE PROJECT BY NAME, REITERATES  
COMMISSION'S INTENTION TO COORDINATE NATIONAL STEEL AID  
PLANS IN A WAY WHICH WILL NOT ADD TO OVERCAPACITY PROBLEMS  
IN THE INDUSTRY AND LAYS DOWN THE PRINCIPLE THAT NEW  
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CAPACITY INVESTMENTS SHOULD BE ACCOMPANIED BY SHUT DOWN  
OF AN EQUAL AMOUNT OF OUTDATED CAPACITY (REF). THE  
PLANNED GIOIO TAURO COMPLEX WOULD CRATE ABOUT 7,500 JOBS  
BY 1984 IN THE DEPRESSED CALABRIA REGION, BUT WOULD ALSO  
ADD AN ADDITIONAL 1.3 MILLION TONS OF STEEL CAPACITY  
(ABOUT ONE PERCENT OF CURRENT OF CURRENT PRODUCTION) TO  
THE EC STEEL INDUSTRY.

2. ACCORDING TO COMMISSION SOURCES, THE DAVIGNON LETTER REPRESENTS AN EFFORT TO REINFORCE THE HAND OF THE GOI WHICH IS LESS THAN KEEN ABOUT THE CONTROVERSIAL PROJECT WHICH THE GOI VIEWS AS SOMETHING OF A WHITE ELEPHANT, BUT THE PROJECT HAS BEEN THE SUBJECT OF HEAVY LABOR LOBBYING.

3. THERE IS REPORTEDLY ALSO GEOLOGICAL EVIDENCE THAT THE PROJECT WILL BE SITED ON A DANGEROUS FAULT LINE, AND A RECENT ISSUE OF THE DUSSELDORF DAILY HANDELSBLATT CLAIMED THAT THE BIGGEST BENEFITS FROM THE PROJECT WILL GO TO THE MAFIA WHICH HAS BEEN INVOLVED IN REAL ESTATE SPECULATION IN THE AREA.

4. DAVIGNON HOPES TO PERSUADE THE ITALIAN GOVERNMENT TO TAKE A FINAL NEGATIVE DECISION BY PROMISING COMMISSION ASSISTANCE FOR ALTERNATIVE INDUSTRIAL PROJECTS. DAVIGNON ALSO PROPOSES TO TREAT THE 7,500 STEEL WORKERS THAT WOULD HAVE BEEN HIRED AS ELIGIBLE FOR ECSC "RETRAINING" BENEFITS. HINTON

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** STEEL, INDUSTRIAL DEVELOPMENT  
**Control Number:** n/a  
**Copy:** SINGLE  
**Sent Date:** 12-Jul-1977 12:00:00 am  
**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1977BRUSSE07839  
**Document Source:** CORE  
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**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
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**Litigation History:**  
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**Office:** ACTION EUR  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
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**Previous Handling Restrictions:** n/a  
**Reference:** 77 BRUSSELS 7429  
**Retention:** 0  
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**Review Release Event:** n/a  
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**SAS ID:** 1894505  
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**Status:** NATIVE  
**Subject:** EC COMMISSION PUTS PRESSURE ON ITALIAN STEEL PROJECT  
**TAGS:** EIND, ETRD, EEC  
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**Type:** TE  
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**Review Markings:**  
Margaret P. Grafeld  
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